

NO. 2000-5076-3

INDEPENDENT STATE AUDITOR'S REPORT  
ON THE FINANCIAL AND MANAGEMENT CONTROLS  
OVER THE RECEIPTING, ACCOUNTING, AND REPORTING OF BAIL FUNDS  
AT THE SIXTY-NINE DISTRICT COURTS  
OF THE COMMONWEALTH OF MASSACHUSETTS

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As of August 31, 2000, the 69 Divisions of the Commonwealth's District Court Department had custody of approximately \$15.5 million of bail funds. We conducted an audit of the financial and management controls over the receipting, accounting, and reporting of bail funds; return of bail funds; and submission of forfeited and unclaimed bail (abandoned property) to the Office of the State Treasurer (see Appendix I). Of the total \$2,419,194 (16%) in bail funds tested at 18 District Court Divisions, \$598,480 (25%) was not in compliance with Massachusetts General Laws and policies, procedures, and regulations established by the Administrative Office of the Trial Court (AOTC) (see Appendix II). Specifically, the Divisions did not (1) process forfeited, unclaimed, and abandoned bail properly; (2) submit monthly bail reports in a timely manner; and (3) maintain adequate controls over the receipt, security, accounting, and disbursement of bail funds. Also, our audit identified that Divisions used personnel inefficiently to process bail assignments, and the Office of the State Auditor was not notified immediately in accordance with Chapter 647 of the Acts of 1989 with regard to unaccounted for variances, losses, shortages, and thefts of funds or property at four Divisions.

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## INTRODUCTION

### Background

Bail in cash and other forms is the security given to District Court Divisions in order for prisoners to obtain their release and to ensure their appearance in court at a future date. Chapter 276, Section 20D, of the Massachusetts General Laws stipulates that a “court or justice may admit such person to bail by bond or undertaking, with sufficient sureties, and in such sum as such court or justice deems proper, conditioned for his appearance before such court or justice, at a time specified in such bond or undertaking, and for his surrender to be arrested upon the warrant of the governor.”

Should the bailee fail to appear in court in accordance with the terms of release, Chapter 276, Section 20F, of the General Laws provides for the forfeiture of that bail to the court and the arrest of the bailee. Further, Chapter 276, Section 80, of the General Laws provides that “At any time after default of the defendant, the court may order forfeited the money, bonds or bank books deposited at the time of recognizance and the court or clerk of the court with whom the deposit was made shall thereupon pay to the state treasurer any money so deposited.” The Administrative Office of the Trial Court’s (AOTC’s) Fiscal Systems Manual, Section 9.6, Processing of Unclaimed or Forfeited Bail, states that, if bail remains unclaimed for three years, Divisions should transmit the bail to the Office of the State Treasurer as abandoned property in accordance with Chapter 200A, Section 6, of the General Laws.

The contractual obligation of the surety has also been defined in Commonwealth v. Stuyvesant Insurance Company (1975), which states, “In assuming the position of bail, the surety enters into a contract with the Commonwealth by which the surety guarantees that the bail bond principal will appear and answer, and if the surety fails to produce the principal at the appointed time, a default will be entered against the principal and surety and the principal’s obligation and that of his surety will be forfeited.”

AOTC, which is responsible for establishing fiscal controls over bail funds, has developed its Fiscal Systems Manual detailing control procedures that Divisions must follow for the receipt, accounting, and reporting of bail funds; the return of bail; and the processing of forfeited and unclaimed bail (abandoned

property) to the State Treasurer. In addition, AOTC's Fiscal Affairs Department is responsible for promulgating and ensuring compliance with all procedures and policies relating to receiving and processing bail funds from bail magistrates, and accounting for, returning, assigning, and reporting bail funds. The Divisions are responsible for implementing the internal controls as defined in the Fiscal Systems Manual.

#### Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, we conducted an audit of the financial and management controls of the District Court Department of the Trial Court over the receipting, accounting, and reporting of bail funds. Our audit covered the period July 1, 1999 to August 31, 2000 and included a review of appropriate General Laws and the policies and procedures contained within AOTC's Fiscal Systems Manual. We made our examination in accordance with applicable generally accepted government auditing standards, including tests of operational records and other auditing procedures as we considered necessary in the circumstances. We did not audit bail records maintained by bail magistrates,<sup>1</sup> law enforcement agencies or other Trial Court departments.

As part of our review of bail funds at the 69 Divisions of the District Court Department, we also audited bail activities at 18 District Court Department Divisions. Our objectives were to measure compliance with applicable laws and regulations and the AOTC's Fiscal Systems Manual and to evaluate the effectiveness and efficiency of the bail process at each audit location. We also tested for resolution of conditions noted in our prior statewide audit report. Lastly, to assess compliance with Chapter 647 of the Acts of 1989, we reviewed reports, records, and case files pursuant to any unaccounted-for variances, losses, shortages, or theft of funds or property. Chapter 647 requires that all unaccounted for variances, losses, shortages, or thefts of funds or property be reported immediately to the Office of the State Auditor.

To achieve our audit objectives, we interviewed Division personnel; evaluated internal controls over bail fund management; reviewed monthly bail reports and reconciliation; examined dockets (case papers)

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<sup>1</sup> We did review out-of-court release records maintained by the Office of Bail Administration relative to an Assistant Clerk-Magistrate at the Concord Division. (See page 13.)

and bail books; performed audit tests of bail receipts, disbursements, reports, and assignments; and gathered information on the number and values of processed bails.

As of August 31, 2000, the District Court Department, composed of 69 divisions, had approximately \$15.5 million in bail funds on hand. During our review, we tested bail funds totaling \$2,419,194 (16%) and found that bail activity totaling \$598,480 (25%) was not in compliance with laws and regulations and policies and procedures of AOTC's Fiscal Systems Manual. Further, our review noted that the 18 Divisions did not process forfeited, unclaimed, abandoned, and defaulted bail properly; submit monthly bail reports in a timely manner; and maintain adequate controls over the receipt, security, accounting, and disbursement of bail funds. Also, our audit identified inefficient use of Division personnel relative to bail assignments, and the Office of the State Auditor was not notified regarding unaccounted-for variances, losses, or shortages at four of the 18 Divisions.

At the completion of our audit, we met with the Manager of Fiscal Affairs and Audit for AOTC and reviewed with him in complete detail the results of our audit.

Except for the matters described within the Audit Results section of this report, the 18 Divisions, for the areas audited, maintained their accounting records in accordance with applicable laws and regulations and the AOTC's Fiscal System Manual. In addition, as noted within the Audit Results section, seven Divisions which had been identified as having financial and management control deficiencies in our prior audit report were also selected for follow-up review. We found that for the most part, these Divisions improved internal controls over bail and resolved or partly resolved their prior audit issues.



## AUDIT RESULTS

1. Prior Audit Results

Our prior audit report examined the District Court Department of the Trial Court's financial and management controls over the receipting, accounting, and reporting of bail funds. Specifically, our review disclosed (1) forfeited, abandoned, and defaulted bails were not being forwarded to the Office of the State Treasurer; (2) internal control improvements were needed over financial reporting of bail funds; (3) improvements were needed over accounting controls; (4) bail funds were improperly maintained by the Lowell Division; (5) lack of proper notification to sureties of their rightful claim to available bail funds; and (6) noncompliance with Chapter 647 of the Acts of 1989.

In response to our prior audit, the Administrative Office of the Trial Court (AOTC) indicated that immediate corrective action would be taken. Further, the members of the Trial Court Internal Audit Staff would address each of the deficiencies, and ensure that corrective measures would be taken at each noted Division.

During our follow-up audit, we examined seven of the Trial Court Divisions--Dedham, Dudley, Haverhill, Lowell, Plymouth, Stoughton, and Taunton--where we had identified 17 deficiencies during our prior audit. Our review noted that in 13 instances these Divisions had taken corrective action to totally resolve their prior audit issues. For example, in our prior audit the Dedham Division had not remitted forfeited bail funds totaling \$37,850 to the State Treasurer, whereas in our follow-up audit the Dedham Division had improved its internal controls over forfeited bail. In fact, as of August 31, 2000, Dedham had remitted all forfeited bail to the State Treasurer in a timely manner.

In the remaining four instances, our follow-up review noted that the other Divisions made significant progress towards resolving their deficiencies. For example, our prior audit identified that the Taunton Division did not remit to the State Treasurer 103 forfeited and abandoned bails totaling \$74,135. Yet, as of August 31, 2000, the Taunton Division had only three forfeited and abandoned bails on hand totaling \$400.

Several of the Divisions that we reviewed during the follow-up audit, which were not covered under the previous audit, had issues similar to these. These issues, among others, will be addressed later in this report.

The table below identifies our prior audit issues and the progress made by Divisions to resolve their deficiencies:

Status of Prior Audit Results

<u>Division</u>	<u>Bail Funds Not Being Forwarded to the State Treasurer</u>	<u>Internal Control Improvements Needed over Financial Reporting of Bail</u>	<u>Improvements Needed over Accounting Controls</u>	<u>Bail Funds Improperly Maintained at the Lowell Division</u>	<u>Lack of Proper Notification to Sureties of Their Rightful Claim to Available Bail</u>	<u>Noncompliance with Chapter 647 of the Acts of 1989</u>
Dedham	R	R	NA	NA	NA	NA
Dudley	P	R	NA	NA	NA	NA
Haverhill	P	R	R	NA	R	NA
Lowell	R	NA	NA	R	R	NA
Plymouth	R	P	R	NA	NA	NA
Stoughton	R	NA	NA	NA	NA	NA
Taunton	P	R	*NA	NA	*NA	*NA

Legend:

R - Audit issue resolved

P - Progress made on prior audit issue

NA - Not Applicable

\* - Issue during follow-up audit review

Recommendation: AOTC should continue to monitor progress made by the Divisions in correcting deficiencies cited in our prior audit report and provide sufficient oversight to those Divisions in need of assistance in rectifying the deficiencies.

2. Inadequate Internal Controls in Notifying Owners of Unclaimed Bails and Forwarding Forfeited and Abandoned Bails Totaling \$203,237 to the State Treasurer

During our audit, we found that the majority of audited Divisions needed to strengthen internal controls over the processing of unclaimed, forfeited, and abandoned bail. In accordance with Chapter 200A and Chapter 276, Section 80, of the Massachusetts General Laws, and policies and procedures

established by AOTC, Divisions are required to contact the owner of unclaimed bail, as well as remit forfeited and abandoned bail, to the State Treasurer. Our review of 18 Divisions with bail funds on hand as of August 31, 2000 identified seven Divisions--Concord, Haverhill, Lowell, Peabody, Plymouth, Stoughton, and Ware--that complied with applicable laws and regulations by notifying owners of their rightful claim to bail and remitting bail funds to the State Treasurer in a timely manner.

However, 11 of the 18 Divisions did not comply with the state requirements, including Taunton and Dudley, which had similar deficiencies reported in our prior audit. Specifically, of the 704 bails totaling \$836,443 at these 11 Divisions, 42 forfeited bails were not remitted to the State Treasurer; 58 abandoned bails were still on hand and not transferred to the abandoned property fund; and the owners of 87 unclaimed bails were not properly notified. These issues involved bails totaling \$203,237, or 24% of the amount tested.

AOTC's Fiscal Systems Manual, Section 9.2 defines unclaimed, abandoned, and forfeited bails as follows:

Unclaimed bail – bail whose return has not been requested by its defendant or surety within one year of the authorized release date.

abandoned property – bail (or other held monies) unclaimed after three years, despite written attempts to contact the surety in accordance with Massachusetts General Law, Chapter 200A, Section 6.

forfeited bail – bail, which a judge declares a defendant or surety has lost or surrendered to the Commonwealth in open Court, usually as a result of the defendant defaulting for failing to appear.

Moreover, under Section 9.6 of the Fiscal Systems Manual, AOTC established policies and procedures for the processing of unclaimed, abandoned, and forfeited bail, which states, in part:

If bail remains unclaimed one year after its release date, the Court division must attempt to contact the owner of the bail in writing by registered mail. If the appropriate individual cannot be found and the bail remains unclaimed for three (3) years after the release date, the bookkeeper transmits the bail to the Office of the State Treasurer as abandoned property in accordance with Massachusetts General Law (M.G.L.) Chapter 200A, Section 6.

If a judge in open court orders the bail forfeited, the bail is reclassified as State General Fund Revenue and must be remitted by the tenth day of the following month to the Office of the State Treasurer (in accordance with M.G.L. Chapter 276, Section 80)....

As a result of these 11 Divisions not complying with state laws and regulations governing the processing of unclaimed, forfeited, and abandoned bail, the Commonwealth was denied access and use of funds totaling \$161,792. Additionally, defendants and sureties may have been denied their rightful claim to bail totaling \$41,445. The table below identifies the 11 Divisions with bail processing deficiencies, the categories of noncompliance, and the number and amount of bails in question.

Bail Processing Deficiencies

<u>Division</u>	<u>Total</u>		<u>Bail Forfeited Still on Hand</u>		<u>Abandoned Property Still on Hand</u>		<u>Bail Unclaimed No Certified Letter Mailed</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
Dedham	5	\$ 1,600	-	-	2	\$ 300	3	\$ 1,300
Dudley	7	1,075	1	\$ 100	6	975	-	-
Fall River	43	9,760	1	1,000	14	1,800	28	6,960
Gardner	2	217	1	125	1	92	-	-
Gloucester	3	300	-	-	3	300	-	-
Greenfield	6	3,100	3	2,850	-	-	3	250
South Boston	25	8,025	6	3,525	9	2,325	10	2,175
Springfield	43	60,925	4	6,500	20	29,325	19	25,100
Taunton	18	2,110	2	200	1	200	15	1,710
Westborough	5	1,025	3	625	-	-	2	400
Worcester	30	115,100	21	110,550	2	1,000	7	3,550
Total	<u>187</u>	<u>\$ 203,237</u>	<u>42</u>	<u>\$ 125,475</u>	<u>58</u>	<u>\$ 36,317</u>	<u>87</u>	<u>\$ 41,445</u>

Personnel at these Divisions cited several reasons for forfeited and abandoned bail remaining on hand. Commonly, although personnel were aware of the Commonwealth's laws and regulations and the Divisions had procedures in place to process forfeited and abandoned bail, human error resulted in individual bails not receiving appropriate attention. In addition, Springfield Division officials explained that they routinely process the most recent forfeited and abandoned bails. However, for older cases, which date back to October 1983, officials stated that they are being researched and acted upon as time allows and staff availability permit. Worcester Division officials explained that sufficient staff is unavailable to enable a monthly review of bail activity. Consequently, they stated that the Division's bail

book and detailed account trial balance are reviewed annually for any unremitted forfeited or abandoned bails.

At each Division location, officials stated that, due to either staff constraints or human error, attempts to reach defendants and sureties via certified letters were not made or were done in an untimely manner.

Recommendation: These Divisions should:

- Immediately process and forward all forfeited bail funds to the State Treasurer;
- Review cases identified as unclaimed for three years from completion date and remit bail to the State Treasurer, in accordance with Chapter 200A, Section 6, of the General Laws;
- Ensure that sureties are notified of any bail remaining unclaimed one year after the date of the resolution of each case by sending out certified letters to the sureties; and
- Perform monthly reviews of bail records to ensure future compliance with state laws and regulations governing bail.

Additionally, AOTC should continue to provide oversight and direction to the Divisions relative to forfeited, abandoned, and unclaimed bail matters.

### 3. Bail Funds Totaling \$75,850 Were Not Forfeited Following Defendant Defaults

Divisions are authorized to forfeit bail if defendants fail to appear in court in accordance with the terms of their release, under Chapter 276, Section 80, of the General Laws, which states, in part:

At any time after default of the defendant, the court may order forfeited the money, bonds or bank books deposited at the time of the recognizance and the court or clerk of the court with whom the deposit was made shall thereupon pay to the state treasurer any money so deposited.

Contrary to this law, 10 of the 18 Divisions did not consistently forfeit bail of delinquent defendants. Specifically, we identified 77 bails totaling \$75,850 in which Divisions could have issued bail forfeiture orders, but abstained from such action. The majority of these cases were identified at the Springfield and Taunton Divisions, which had 32 bails totaling \$45,200 and 15 bails totaling \$1,400 on hand, respectively.

By not appearing for scheduled court dates, delinquent defendants waste vital manpower and financial resources of the Commonwealth. Specifically, Division personnel must process additional paperwork associated with continuances; courtroom time and space must be allocated for future litigation;

and prosecutors, public defenders, witnesses, and police officers must reappear in order for cases to be completed. All these activities bear an additional cost to the Commonwealth that could be partially offset by bail forfeitures.

In addition, Chapter 276, Section 82A, of the General Laws authorizes the Divisions to impose additional monetary penalties and prison time against defendants who default without good cause. Specifically, Chapter 276, Section 82A, of the General Laws states, in part:

A person who is released by court order or other lawful authority on bail or recognizance on condition that he will appear personally at a specified time and place and who fails without sufficient excuse to so appear shall be punished by a fine of not more than ten thousand dollars or by imprisonment in a house of correction for not more than one year, or both, in the case of a misdemeanor, and by a fine of not more than fifty thousand dollars and imprisonment in a state prison for not more than five years, or a house of correction for not more than two and one-half years, or by fine and imprisonment, in the case of a felony.

The Bail Recognizance form, which dictates the terms of a defendant's release, also identifies the penalties for not adhering to the terms of such release. This document is part of the court record and is signed by the defendant acknowledging the terms of his/her release. The penalties imparted on the form mirror those allowed under State Laws, as evidenced by the following excerpts from the form:

I understand and acknowledge that if I fail without sufficient excuse to appear in accordance with the foregoing promise, I will be liable, jointly and severally if a surety has been required, to the Commonwealth of Massachusetts for the dollar amount specified in the terms of release.

Penalty for failure to appear in court after release on bail or recognizance

A defendant who fails without sufficient excuse to appear in court after release on bail or recognizance may be punished by a fine of \$10,000 or by imprisonment for a year, or both, in the case of a misdemeanor, and by a fine of \$50,000 or imprisonment for five years, or both, in the case of a felony.

However, we identified no instances of a delinquent defendant being financially penalized or imprisoned at the 18 Divisions.

Through administrative bulletins dating back to 1982, the Administrative Justice of the District Court Department has provided additional guidance to Divisions regarding bail forfeitures. For example, Bulletin No. 2-82 discusses the results of District Court audits conducted by the Office of the State Auditor. Those audits reported that Divisions were not exercising their right to forfeit bail under Chapter

276, Section 80, of the General Laws. To clarify the District Court Department's position on this matter, Section 16 of Bulletin No. 2-82 states, in part:

A number of the fiscal practices and procedures must be brought into conformity with existing statutes, directives and regulations.

Moreover, Section 16 (4) of Bulletin No. 2-82 further clarifies the responsibilities of the Divisions, as follows:

Many courts were in possession of cash held as security on recognizance for defendants who failed to appear before the court in accordance with the terms of their release on recognizance. In such cases the court should order that a default be entered on the case papers and that security held by the court be forfeited immediately.

Under Bulletin No. 2-82, the District Court Department also recognized that inadequate staffing contributed to the deficiencies identified by the Office of the State Auditor. In this regard, the Department cited the cause of the audit deficiencies as "the inevitable result of failure to supervise and periodically review the fiscal practices of the courts." Consequently, the Bulletin required:

Clerk-Magistrates in particular should review all the above items and remedy any wherein the court is not in compliance. Don't "assume" that past problems or audit recommendations have been remedied because someone on your staff told you so. Check personally to make sure.

As a result of Divisions abstaining from forfeiting bail, the Commonwealth was deprived of a means to recover costs associated with defendant defaults. Moreover, continuous defaults by defendants overburden Division personnel and results in inefficient use of resources. Lastly, the reluctance of Divisions to impose financial penalties and imprisonment time upon offenders does not encourage defendants to adhere to the terms of their release and could lead to repeat offenses.

The chart below details the 10 Divisions that did not forfeit bail in 77 cases that involved defendant defaults.

Aging of Bails Not Forfeited after Defendants' Default

<u>Division</u>	<u>Total</u>		<u>Under 1 Year Old</u>		<u>1 to 3 Years Old</u>		<u>3 to 5 Years Old</u>		<u>Over 5 Years Old</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>
Fall River	3	\$ 600	2	\$ 200	1	\$ 400	-	-	-	-
Gardner	1	25	-	-	1	25	-	-	-	-
Gloucester	4	400	-	-	1	100	2	\$ 200	1	\$ 100

<u>Division</u>	<u>Total</u>		<u>Under 1 Year Old</u>		<u>1 to 3 Years Old</u>		<u>3 to 5 Years Old</u>		<u>Over 5 Years Old</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>	<u>Number of Bails</u>	<u>Amount</u>
Greenfield	3	1,400	2	1,200	1	200	-	-	-	-
Haverhill	2	15,000	1	10,000	1	5,000	-	-	-	-
South Boston	6	1,325	-	-	3	550	-	-	3	775
Springfield	32	45,200	2	3,000	7	11,500	4	7,000	19	23,700
Taunton	15	1,400	1	200	9	750	2	150	3	300
Westborough	4	1,100	2	900	2	200	-	-	-	-
Worcester	<u>7</u>	<u>9,400</u>	<u>2</u>	<u>8,000</u>	<u>4</u>	<u>1,100</u>	<u>1</u>	<u>300</u>	<u>-</u>	<u>-</u>
Total	<u>77</u>	<u>\$75,850</u>	<u>12</u>	<u>\$23,500</u>	<u>30</u>	<u>\$19,825</u>	<u>9</u>	<u>\$7,650</u>	<u>26</u>	<u>\$24,875</u>

Division personnel indicated that they periodically bring cases that are in default status before the court, but some judges do not automatically forfeit the bail of delinquent defendants. Rather, they said many judges prefer to wait until a defendant is returned to court on a default warrant in order to determine if the defendant had a legitimate excuse for missing a court date. Moreover, Division personnel said that because forfeiting bail is discretionary, judges will also consider the negative financial impact that a forfeiture order would have upon a defendant or surety.

In addition, several judges indicated that they are reluctant to forfeit bail or impose additional penalties because defendants frequently appear in court due to existing financial difficulties, and imposing fines may simply worsen a defendant's situation by leading to more financial problems. At the Springfield Division, the 32 cases noted primarily represent old cases (pre-1990) and the Division is attempting to research these cases, while at the same time keeping current with the remainder of its case load.

Recommendation: These 10 Divisions should immediately forfeit the bail that applies to the 77 cases in default status and transmit these funds to the State Treasurer. All District Court Divisions should review the status of bails on hand to determine whether other bails qualify for forfeiture.

In the future, Divisions should promptly forfeit bails at the time of a defendant's default. In the event that a defendant subsequently provides a reasonable explanation for his/her actions, the Division can request a refund from the State Treasurer for the bail earlier transmitted.



#### 4. AOTC Needs to Strengthen Policies and Procedures over the Activities of Bail Magistrates

Our review of bail funds identified that AOTC needs to strengthen its policies and procedures over the activities of Bail Magistrates (individuals authorized under Chapter 276, Section 57, of the General Laws, to set and take bail or release defendants on personal recognizance). Specifically, our review identified at six of the 18 Divisions we visited, Bail Magistrates did not remit bail funds and recognizance forms to Clerk-Magistrate's Offices in a timely manner. Our review examined 339 bail receipts at 18 Divisions and found 29 (8.6%) totaling \$50,310 that were remitted anywhere from one to 37 days late.

The Superior Court Department of the Trial Court established Rules Governing Persons Authorized To Take Bail. Under Rule 39, Bail Magistrates must remit bail funds and recognizance forms to Clerk-Magistrate's Offices within a reasonable period of time not to exceed three court working days from a defendant's release. Specifically, Rule 39 states, in part:

Every person authorized to take bail must see to it that all recognizance, certificates (affidavits) of sureties, other necessary documents, and all money, bank books, and bonds and other security deposited with him are seasonably transmitted to and seasonably received by the Clerk-Magistrates' Offices of the appropriate courts.

Receipt shall not be considered seasonable where it occurs later than 9:00 A.M. of the day when the processes on which the defendant was held in custody is returnable, or later than 8:30 A.M. of the day when the person who is held in custody on arrest without a warrant must first be taken before the court.

In no event shall transmittal and receipt by the appropriate court be accomplished later than 4:00 P.M. of the third court day after the day on which the release was authorized.

The following table details the 29 instances that we identified where Bail Magistrates did not remit bail funds and recognizance forms to Clerk-Magistrate's Office in a timely manner:

Bail Funds and Recognizance Forms Remitted Untimely

<u>Division</u>	<u>Bails Tested</u>	<u>Amount</u>	<u>Untimely Remittance</u>	<u>Value</u>	<u>Days Late</u>
Dedham	14	\$ 241,500	2	\$ 6,500	3-6
Fall River	32	60,310	13	23,110	1-37
Gloucester	68	93,225	7	10,700	1-11
Peabody	28	79,975	2	3,500	14
South Boston	14	15,650	2	1,500	5-36
Springfield	14	15,250	3	5,000	2-6
Total	<u>170</u>	<u>\$ 505,910</u>	<u>29</u>	<u>\$ 50,310</u>	

With one exception, Division personnel could not provide a reasonable explanation for the delays. The exception, at the Gloucester Division, involved two separate \$2,000 cash bails that were taken on Friday evening, September 17, 1999. The Bail Magistrate involved felt uncomfortable with such a large sum in her possession over the weekend. Therefore, for safekeeping, she left the money at the local police station. Due to police regulations governing custodial funds, the Bail Magistrate could not obtain immediate release of the \$4,000 on the following Monday. Moreover, nine days passed before she could secure the funds and remit them to the Gloucester Clerk-Magistrate's Office.

During the audit, we also identified that the Concord Division submitted inaccurate bail activity reports to the Chief Justice of the Superior Court Department. Specifically, we found that although the Court reported releasing 45 defendants on bail during a three-month period, an additional 13 defendants were actually released, or a total of 58 releases during the time period. The table below details the reporting errors.

Inaccurate Monthly Bail Reports

<u>Month</u>	<u>Total Releases</u>	<u>Releases Reported per Bail Activity Reports</u>	<u>Releases Not Reported</u>	<u>Percentage Not Reported to Trial Court Personnel</u>
August	17	14	3	18%
September	21	15	6	29%
October	<u>20</u>	<u>16</u>	<u>4</u>	20%
Total	<u>58</u>	<u>45</u>	<u>13</u>	22%

The submitting of inaccurate information to the Chief Justice is contrary to Rule 41 of the Rules

Governing Persons Authorized To Take Bail, which states, in part:

Each person authorized to take bail shall by the second Monday of each month make and submit to the Chief Justice of the Superior Court, in care of the Office of Bail Administration, a record as to each taking of bail or releasing on personal recognizance that was authorized during the prior calendar month.

The forms to be used for this purpose are the bail report cover sheet and the report page (yellow copy) from the recognizance form approved by the Court pursuant to G.L. c. 276, s65. They are attached hereto and included by reference as part of these rules.

If no releases have been authorized during any reporting period, a written statement to that effect shall be submitted within the required time.

In addition, Bail Magistrates are paid a \$25 fee for releasing defendants on bail or personal recognizance after normal court hours. As part of their monthly reporting responsibilities, Bail Magistrates must disclose these fees to the Chief Justice of the Superior Court Department. However, we identified that the Concord Division did not report fees totaling \$325 collected for the same three-month period.

Since bail receipts represent a significant amount of money, approximately \$12 million during a 14-month period at the 18 Divisions we visited, it is important that Divisions have adequate internal controls in place to govern the process and safeguard these assets. The United States General Accounting Office (GAO) defines internal controls as an integral component of an organization's management that provide reasonable assurance for effective and efficient operations, reliable financial reports, and compliance with applicable laws and regulations. Moreover, the GAO, recognizing the importance of internal controls,

emphasizes that internal controls serve as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.

Although AOTC has issued a comprehensive Fiscal Systems Manual with policies and procedures governing the receipt, disbursement, and accounting for bail, the manual does not require Divisions to identify and report late bail remittances to the Superior Court Department of the Trial Court. In addition, Courts do not use prenumbered recognizance forms or control distribution of unused forms. Consequently, control procedures have not been established whereby Division personnel record and account for recognizance forms, and submit the accounting to AOTC for subsequent review and reconciliation to monthly bail activity reports. As a result of not having such controls, AOTC cannot be assured that all bails due from Bail Magistrates have been received.

Recommendation: AOTC should replace all existing recognizance forms with prenumbered forms. Divisions should store the new forms in a secure location and distribute them to Bail Magistrates in blocks and in sequential order. Moreover, Divisions should maintain a record of the forms that Bail Magistrates receive and have Bail Magistrates sign for them. Further, Bail Magistrates should account for recognizance forms in chronological order, including voided forms and the reasons for voiding on their monthly bail activity report. AOTC should scrutinize the monthly bail reports for any discrepancies.

AOTC should amend its Fiscal Systems Manual by requiring Divisions to establish procedures to identify and report instances where Bail Magistrates remit bail funds late. Furthermore, AOTC should further review the specific bail issues noted in this section and take appropriate action to ensure that the Bail Magistrates involved comply with all sections of the Rules Governing Persons Authorized To Take Bail.

##### 5. Internal Control Improvements Needed over the Financial Reporting of Bail Funds

At the close of each month, Divisions are required by Section 8.6 of the AOTC's Fiscal Systems Manual to generate monthly financial reports, including a Detail Account Trial Balance, Monthly Summary Trial Balance, and Bank Account Reconciliation Form. The Fiscal Systems Manual contains

the illustrative preprinted forms that are to be utilized in preparing financial reports, with detailed instructions for completion, including the name of the Division, document title, time period, verification of page and summary totals, name of the person preparing the report, and person approving/reviewing the report.

Our prior audit disclosed that many Divisions needed to improve on their financial reporting of bail funds. Although our follow-up audit noted that the extent of the problem had lessened, financial reporting still needs to be improved upon at four of the Division locations we visited--South Boston, Fall River, Springfield, and Plymouth. Moreover, reporting deficiencies were also noted at the Plymouth Division in our previous audit.

Our follow-up review disclosed that the South Boston and Fall River Divisions needed to improve on the preparation, accuracy, and timeliness of their financial report filings. At the South Boston Division, Monthly Summary Trial Balance reports were not filed or were filed late for 10 of the 14 months reviewed. During the same time period, the Division filed four monthly bank reconciliation statements in an untimely manner. For example, South Boston Division's August 1999 Monthly Summary Trial Balance was filed with AOTC on June 30, 2000, or 10 months late. Similarly, as of January 2001, the South Boston Division had not filed its July 2000 Monthly Summary Trial Balance.

At the Fall River Division, personnel did not prepare a Detail Account Trial Balance of bail funds for the entire 14-month period that we reviewed. Moreover, this Division last completed the required monthly report during September 1997.

The Detail Account Trial Balance is an essential financial report and timely and accurate preparation of this document is an important control feature, since the report itemizes bail funds held by a Division by each case and each month. Moreover, this detailed report supports the Monthly Summary Trial Balance report that Divisions must file with AOTC. Without proper controls over the Detail Account Trial Balance, there is little assurance that the month end reports submitted to AOTC reflect the correct amount of bail funds in the custody of Divisions.

Prior to our arrival at the Fall River Division, AOTC became aware of the Division's financial deficiency. As a result, AOTC assigned internal audit staff to reconstruct the Division's Detail Account Trial Balance reports and to reconcile these reports to the Division's bank reconciliation statements. During our on-site review, AOTC's internal audit staff reconstructed the Division's bail records through July 2000.

Our follow-up review of the South Boston, Fall River, Springfield, and Plymouth Divisions revealed that these Divisions had monthly financial reports that were not reconciled with variances totaling \$22,287. The variances, as detailed in the table below, existed between the Division's Detail Account Trial Balance and Monthly Summary Trial Balance:

Unreconciled Variances as of August 31, 2000

<u>Division</u>	<u>Monthly Summary Trial Balance</u>	<u>Detail Monthly Trial Balance</u>	<u>Variance</u>
Fall River <sup>2</sup>	\$683,392	\$703,617	\$20,225
Plymouth	\$170,796	\$172,008	\$ 1,212
South Boston	\$231,684	\$231,534	\$ 150
Springfield	\$722,797	\$723,497	\$ 700 <sup>3</sup>

Under Chapter 647 of the Acts of 1989, immediate notification must be provided to the Office of the State Auditor for all unaccounted for variances, losses, shortages, or thefts of funds or property. However, these Divisions did not comply with Chapter 647, which states, in part:

All unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the state auditor's office, who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials. Said auditor shall also determine the internal control weaknesses that contributed to or caused the condition. Said auditor shall then make recommendations to the agency official overseeing the internal control system and other appropriate management officials. The recommendations of said auditor shall address the correction of the conditions found and the necessary internal control policies and procedures that must be modified....

At these four Division locations, internal controls over the financial reporting of bail funds were not adequate because individuals responsible for preparing monthly bail reports were not adequately

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<sup>2</sup>Data presented as of July 31, 2000 – latest period made available to us by the internal auditor.

<sup>3</sup>This variance was subsequently resolved by Division personnel in October 2000.

supervised; Division personnel were not fully aware of the reporting procedures outlined in the Fiscal Systems Manual; and the Divisions were subject to staffing changes and constraints.

Recommendation: Divisions should ensure compliance with Section 8.6 of the Fiscal Systems Manual by filing timely and accurate monthly reports. Also, the Divisions noted should immediately account for and report any unaccounted-for variances, losses, shortages, or thefts of funds or property between their Monthly Summary Trial Balance and Detail Account Trial Balance to the Office of the State Auditor immediately, in accordance with Chapter 647 of the Acts of 1989.

#### 6. Internal Control Improvements Needed for Certain Accounting Functions

Our review identified eight Divisions that had internal control issues relating to the daily operations of various accounting functions. We identified seven areas at these various Divisions that require improvements and the immediate attention of AOTC, as follows:

a. Inappropriate Processing of Out-of-Jurisdiction Bails Totaling \$108,776: Our audit identified that the Taunton and Concord Divisions were not in compliance with AOTC's policies and procedures regarding the processing of out-of-jurisdiction bail collected after normal court hours. These Divisions received, validated, and recorded 378 bails totaling \$108,776, which they subsequently transferred to the Division that had jurisdiction over the cases. Specifically, the Taunton Division improperly accepted and processed 362 bail cases totaling \$103,946, whereas the Concord Division had 16 bail cases totaling \$4,830.

By accepting and processing these bails, the Taunton and Concord Divisions were not in compliance with Sections 9.2 and 9.3 of the Fiscal Systems Manual that states, in part:

The receipt of bail begins with the bookkeeper verifying that the bail is for a case in his/her court's jurisdiction.

The bookkeeper must not accept bails for other court divisions except for releases authorized by a Judge, Clerk-Magistrate, or Assistant Clerk of their court during regular Court hours only when a defendant appearing before the Court has an outstanding warrant from another court division.

Our review of case papers at these Divisions identified that Bail Magistrates routinely delivered out-of-jurisdiction bails, which they collected after regular court hours, to their Division's bookkeeper for processing. Consequently, the Bail Magistrates violated Rules Governing Persons Authorized To Take Bail, Rule 39, which states, in part:

Every person authorized to take bail must see to it that all recognizance, certificates (affidavits) of sureties, other necessary documents, and all money, bank books, and bonds and other security deposited with him are seasonably transmitted to and seasonably received by the Clerk-Magistrates' Offices of the appropriate Courts.

Based upon Rule 39, the Taunton and Concord Bail Magistrates should have mailed the bail funds and applicable recognizance forms directly to the appropriate Court of jurisdiction. As a result, the Bail Magistrates have Division personnel performing unnecessary duties, wasting each Division's limited resources, and delaying attention to other important matters.

The table below details the extent that the Taunton and Concord Divisions inappropriately processed out-of-jurisdiction bails:

Out-of-Jurisdiction Bails Inappropriately Processed

<u>Division</u>	<u>Number of Cases</u>	<u>Bail Value</u>
Concord	16	\$ 4,830
Taunton	<u>362</u>	<u>103,946</u>
Total	<u>378</u>	<u>\$108,776</u>

Taunton Division personnel indicated that out-of-jurisdiction bails have always been processed in this manner, and that they were unaware of AOTC's policies disallowing such activities. At the Concord Division, personnel stated that the Bail Magistrate involved was placed on administrative leave for an unrelated matter, and he has since been transferred to another Division. Consequently, out-of-jurisdiction bails are no longer being processed through the Concord Division.



Recommendation: The Taunton and Concord Divisions should not accept out-of-jurisdiction bails after hours from its Bail Magistrates and should adhere to the Fiscal Systems Manual's policies and procedures governing bail processing.

b. Inadequate Maintenance of Case Papers: Our review identified four Divisions that did not maintain adequate records for all criminal court cases. In several instances, the docket sheet and recognizance form were missing from the case papers. At other times, Division personnel could not locate entire case files. Consequently, the Courts could not provide us with the status of 32 bails totaling \$45,075 as detailed in the chart below.

Missing or Incomplete Case Papers

<u>Division</u>	<u>Sample Size</u>	<u>Deficient Case Papers</u>	<u>Percentage</u>	<u>Amount</u>
Fall River	50	6	12%	\$ 6,950
South Boston	76	1	1%	1,500
Springfield	75	21	28%	36,125
Taunton	<u>70</u>	<u>4</u>	<u>6%</u>	<u>500</u>
Total	<u>271</u>	<u>32</u>	<u>12%</u>	<u>\$ 45,075</u>

Chapter 218, Section 12, of the General Laws, as amended, assigns Clerk-Magistrates the responsibility for court documents. Specifically, it requires, in part:

They or one of them [Clerk-Magistrates, Assistant Clerks, temporary Clerk-Magistrates and temporary Assistant Clerks] shall attend all sessions of the court and shall keep a record of all its proceedings. The clerks shall have the care and custody of all records, books, and papers pertaining to, or filed or deposited in, their respective offices.

Personnel at these Divisions could not provide a reasonable explanation as to the whereabouts of missing court records and case files. At the Springfield location, we noted that most of the missing case files pertained to older cases (filings made prior to 1995). Furthermore, Division personnel at this location were attempting to locate these cases so that the Division could determine whether bail associated with them should be forfeited.

Recommendation: These Divisions should continue looking for the missing case files in order to determine the status and appropriate disposition of the bails. In the future, the Divisions should ensure that an adequate tracking system is in place to monitor the removal and return of case papers. Furthermore, AOTC should ensure that a determination is made and full accounting performed for the 32 unaccounted for case papers.

c. South Boston Division Did Not Process Outstanding Checks Totaling \$9,195: Our review of the August 31, 2000 bank reconciliation statement for the South Boston Division disclosed 27 outstanding checks totaling \$9,195 that were over 90 days old, some dating back as far as September 28, 1998. Based upon AOTC's Fiscal Systems Manual, these checks should have been voided since they were outstanding for more than 90 days.

In addition, 15 of the 27 checks totaling \$4,990 have remained outstanding for a year or greater. Based upon AOTC's guidelines, these funds should have been forwarded to the Office of the State Treasurer's Unpaid Check Fund. However, the Division had not complied with Section 10.4 of the Fiscal Systems Manual, which states, in part:

All unpaid checks originally issued by the Court will be voided after ninety (90) days. All checks that remain outstanding for one year or longer must be sent, with detailed backup information, to the Office of the State Treasurer attached to a Revenue Transmittal Sheet (RTS) for Unpaid Check Fund Only.

We also noted that although the 27 checks were issued to the South Boston Division Probation Office, the Clerk-Magistrate's Office maintained physical control over them. Such action reflects a breakdown in the South Boston Division's system of accounting control and resulted in an inaccurate picture of the Division's financial operations.

According to the Division's Chief Probation Officer, discrepancies between the Clerk-Magistrate's records and those of the Probation Office have caused this breakdown in the Division's accounting control system. Specifically, he said that frequently defendants are assessed fines and other court costs, which they need time to pay. In such cases, the Probation Office will collect the funds due from a

defendant, and once full payment has been received, forward a check and transmittal sheet to the Clerk-Magistrate's Office for processing. He further explained that the Clerk-Magistrate's Office records and deposits the check; reviews its records against the Probation Office's transmittal sheet for accuracy; and, if a discrepancy exists, issues a check back to the Probation Office for the amount in question.

The Chief Probation Officer at the South Boston Division also stated that accounting procedures have not been established to reconcile discrepancies and process returned funds. Consequently, he said the Probation Office has no alternative but to send back the returned funds to the Clerk Magistrate's Office.

Recommendation: The South Boston Division Clerk-Magistrate's Office should void all outstanding checks that are over 90 days old, send checks that have been outstanding for a year or more to the State Treasurer's Unpaid Check Fund, and investigate voided checks that are less than one year old to determine whether refunds are due. Further, the Probation and Clerk-Magistrate's Offices should reconcile any discrepancies in their records, and, if needed, seek the assistance of the First Justice to resolve any disputed matters.

d. Inadequate Internal Controls over Safeguarding Bails Collected during Court Hours: Our review noted that the Taunton Division needs to improve internal controls over the collection of cash bails from defendants and sureties during Division hours. Specifically, our audit noted that a defendant was released from custody without first securing a \$500 court ordered bail. In this regard, the Court signed off on the defendant's recognizance (Promise to Appear) form, gave the receipt copy of the recognizance form to the defendant's surety, and released the defendant without verifying that the bail was paid.

The Fiscal Systems Manual established policies and procedures over the receipt of bail. Specifically, Section 9.2 of the Fiscal System Manual states, in part:

The bail process begins when the bail magistrate (Clerk-Magistrate, Assistant Clerk or Bail Commissioner) determines the appropriate level of bail, collects the bail payment and completes a Recognizance (Promise to Appear) form.

Contrary to this requirement, at the Taunton Division the clerical personnel prepare recognizance forms, collect and count bail funds, and forward bail to a cashier for further processing. In fact, the

Clerk-Magistrate and Assistant Clerks only sign the recognizance forms to authorize a defendant's release and acknowledge the receipt of bails. Moreover, our review identified that the Clerk-Magistrate and Assistant Clerks routinely sign (completed) recognizance forms without first verifying the actual collection of bail.

Although Taunton Division personnel identified the \$500 error and took measures to prevent the defendant's surety from claiming ownership of any bail, the internal control breakdown required the First Justice's involvement in the matter and raised questions about the credibility of clerical staff. As a result of releasing the defendant without first securing bail, it lessened the likelihood that the defendant would appear in court as required and inefficiently used Division resources.

Recommendation: The Taunton Division should follow the procedures established in the Fiscal Systems Manual for bail collections. Moreover, controls should be established to ensure that the Clerk-Magistrates and Assistant Clerks verify the collection of bail before signing (completing) the recognizance form and releasing defendants.

e. Lack of Documentation to Support Bail Disbursements: Our review noted that, contrary to AOTC's Fiscal Systems Manual, the Worcester and Fall River Divisions did not maintain adequate documentation to support return of bail to defendants or sureties who lost their bail receipts. Specifically, Section 9.5 of AOTC's Fiscal Systems Manual states, in part:

Positive identification is required and must be documented for all bail transactions. In the event of a lost "DEFENDANT'S" or blue copy of the Recognizance bail receipt form, the bail (if \$500.00 or less) must not be returned until the defendant or surety has filled out an Affidavit of Ownership of Cash Bail and can present two different signed identifications, one of which must include a picture and an address (e.g. driver's license). If the bail is in excess of \$500.00, the person claiming ownership of the bail funds must complete the affidavit and file a motion for return of the bail funds.

The deficiencies at the Worcester and Fall River Divisions were systemic in nature and effected bail disbursements that were both greater and less than \$500. For bails less than \$500, the Worcester Division required defendants and sureties to submit a signed and pictured identification, but it did not require them to provide a second form of identification or an Affidavit of Ownership of Cash Bail. At the Fall River

Division, defendants and sureties had to submit the two required forms of identification, but they were not required to complete the personal affidavit.

For bails exceeding \$500, the Worcester Division required defendants and sureties to submit a signed and pictured form of identification, but the Division did not obtain a personal affidavit or a motion for return of bail from individuals requesting the return of bail. At the Fall River Division, defendants and sureties provided two forms of identification including a signed and pictured form, but they were not required to submit an affidavit or motion for the return of bail.

In addition, at the Worcester Division, our sample tests identified nine bails totaling \$6,250 that the Division returned by mail without maintaining any supporting documentation. These cases involved defendants or sureties that lived outside the local Worcester area.

Regarding the return of bail by mail, the Fiscal Systems Manual does not provide Divisions with specific procedures to follow, (e.g., court appearance, affidavits, motions.) Therefore, at a minimum, the Worcester Division should have either contacted AOTC for guidance or followed its existing policies and procedures governing the return of bail funds.

Regarding the missing Affidavits of Ownership of Cash Bail and motions for return of bail, Division personnel at the Worcester and Fall River Divisions stated that they were unaware that these documents were required under the Fiscal Systems Manual. Moreover, they stated that measures would be taken immediately to correct the deficiency.

Regarding returning bail funds by mail, Worcester Division personnel indicated that appropriate supporting documentation was submitted by defendants and sureties prior to the disbursement of bail funds. However, the documents were subsequently destroyed rather than placed in the case file. The Worcester personnel indicated that this deficiency would also be corrected immediately.

Recommendation: The Worcester and Fall River Divisions must adhere to the Fiscal Systems Manual when returning bail to individuals that lost their bail receipt. Also, AOTC should amend the

Fiscal Systems Manual to include provisions for the return of bail by mail to defendants/sureties that do not reside within the District's jurisdiction.

f. Gardner Division Improperly Retained Bail Funds Totaling \$15,000: Our audit identified that the Gardner Division improperly retained a \$15,000 bail on a case that was dismissed and transferred to Worcester Superior Court for trial. Specifically, a criminal case was dismissed in court upon request of the Commonwealth. Under Massachusetts Rules of Criminal Procedures, the Gardener Division was required to transfer the case papers to the Worcester Superior Court Clerk's Office. Specifically Rule 3, Section (c)(2), *Transmission of Papers* states, in part:

If the defendant is bound over to the Superior Court for trial after a finding of probable cause or after the defendant waives a probable cause hearing, the clerk of the District Court shall transmit to the clerk of the Superior Court a copy of the complaint and of the record; the original recognizances; a list of the witnesses; a statement of the expenses and the appearance of the attorney for the defendant, if any is entered....

Although the Gardner Division transferred the case papers to Superior Court and closed the case on the docket sheet, the Division never forwarded the bail funds to the Worcester Clerk's Office. We notified Gardner Division personnel of the oversight, and they immediately processed a bail transfer to correct the deficiency.

Because Divisions are frequently required to transfer criminal cases to another jurisdiction for trial, AOTC needs internal controls that ensure a timely, accurate, and complete transfer of case information and bail funds. At this time, AOTC's Fiscal Systems Manual does not provide specific instructions on this matter. Therefore, until such guidance is provided, Divisions should consult with AOTC to establish appropriate procedures and internal controls over this matter.

Recommendation: AOTC should amend the Fiscal Systems Manual to include written policies and procedures governing the transfer of bail on cases that are bound over to Superior Court.

g. Improper Validation of Bail Receipts Totaling \$62,000: Our audit identified that the Taunton and Ware Divisions did not validate receipt of bail funds according to the AOTC's Fiscal Systems Manual, Section 9.3, which states, in part:

Only cash bails are processed through the Electronic Cash Register (ECR) System. ECR's are set up so that the Court name and division, the payment date and time, the number of items paid and the identity of the cashier processing each payment are automatically entered on each receipt.

Validate the Docket Sheet (Exhibit 1) by inserting it into the cash register slip printer (ECR validator).

Our sample review of 28 bail receipts at the Taunton and Ware Divisions identified 10 bails totaling \$62,000 that were not validated on the case docket sheet. Instead, the two Divisions utilized the recognizance form for this purpose. The table below details the extent of the issue at the Taunton and Ware Divisions:

<u>Docket Sheets Not Validated</u>				
<u>Division</u>	<u>Sample Size</u>		<u>Noncompliance</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
Taunton	14	\$ 104,035	9	\$ 61,500
Ware	14	8,770	1	500
Total	28	\$ 112,805	10	\$ 62,000

The docket sheet is the Division's only permanent case record that chronologically summarizes all case activity (e.g., criminal charges, bail receipts, motions, defendant defaults, court orders, monetary assessments), whereas other court records including bail recognizance forms are periodically purged from the Division's archives. Consequently, bail receipts must be validated on the docket sheet to ensure that a complete case record is maintained and available for future reference.

Taunton Division personnel explained, at the time bail funds are presented to the cashier for processing, the case papers including the docket sheet might be in court. In such instances, the cashier validates the recognizance form in order to establish immediate accountability. Ware Division personnel believed that the case we identified represents a one-time error.

Recommendation: The Taunton and Ware Divisions should validate the docket sheet for all cash bails received, in accordance with Section 9.3 of the Fiscal Systems Manual. If the Taunton Division cannot validate docket sheets, then the Division should request AOTC's guidance on the matter.

7. Bail Assignment Process Result in the Inefficient Use of Court Resources

Our review of the bail assignment process identified operating inefficiencies at 17 of the 18 Divisions. Specifically, of the 13,954 cases that the 17 Divisions disbursed bail on, 2,042 cases (15%) involved assigning bail to probation offices in order to satisfy defendants' financial obligations. Due to the decentralized nature of cashing at these Divisions, the bail assignments required Clerk-Magistrate and Probation Office personnel to retrieve case papers, prepare checks, and record transactions multiple times on each case. As a result, Division personnel were inefficiently used, increasing the likelihood of errors within case files and hindering individuals from completing other court duties in a timely manner.

The table below identifies the extent of bail assignments at the 17 Divisions during our audit period:

<u>Division</u>	<u>Bail Disbursements</u>	<u>Bail Assignments</u>	<u>Percentage</u>
Concord	313	60	19%
Dedham	471	69	15%
Fall River	1,694	370	22%
Gardner	186	41	22%
Gloucester	199	36	18%
Greenfield	586	65	11%
Haverhill	350	57	16%
Lowell	900	71	8%
Peabody	589	137	23%
Plymouth	1,094	303	28%
South Boston	367	6	2%
Springfield	2,617	501	19%
Stoughton	403	52	13%
Taunton	1,389	110	8%
Ware	106	16	15%
Westborough	508	83	16%
Worcester	2,182	65	3%
Total	<u>13,954</u>	<u>2,042</u>	15%



District Court Justices commonly assign bail to Probation Offices in order to resolve unpaid court ordered assessments (e.g., fines, court costs, victim witness fees). In this regard, Justices will issue an arrest warrant for individuals that do not pay their outstanding court debts. Following his/her arrest, the presiding Justice will order that the defendant's bail, if bail is collected, be assigned from the Clerk-Magistrate's Office to the Probation Office. The transfer of funds is necessary because Probation Offices are responsible for collecting past due accounts and the majority of Divisions do not currently have a central cashier to handle these transactions.

In order to effect the assignment of bail funds, the following must take place within the Clerk-Magistrate's and Probation Offices:

- Upon receipt of bail, Clerk-Magistrate's personnel should verify the recognizance forms, validate the docket sheets, enter the transactions in the appropriate record books, deposit the funds into a Division bank account, and file the necessary paperwork in case papers;
- Once a Justice orders the bail assignment, Clerk-Magistrate's personnel retrieve the case papers and verify the court order, prepare an issue a check to the Probation Office, and record the disbursement within the Clerk-Magistrate's record books;
- Upon receipt of the funds, Probation Office personnel prepare the check for deposit, initiate an entry into the Probation Receipt Accounting System (PRA), and make appropriate record keeping entries;
- After the Probation Office has recorded the receipt of funds, Probation Office personnel generate a report that verifies the entries made to PRA and prepare a check that is issued back to the Clerk-Magistrate's office;
- Upon receipt of the check, Clerk-Magistrate's personnel retrieve the case papers, verify the accuracy of the check, validate the case docket sheet, prepare the check for deposit, and record the receipt in the cash book; and
- At month end, the Clerk-Magistrate's Office remit the funds to the State Treasurer and make an appropriate entry to the cash journal.

This process was streamlined at the Dudley Division through a central cashing point, which combined collections of the Clerk-Magistrate's and Probation Offices. This change eliminated the need for funds to be receipted and disbursed multiple times; reduced the frequency that case files were

retrieved; minimized the need to verify and update documents; and reduced the time it took Division personnel to complete a transaction, including bail assignments.

The central cashiering point utilized by the Dudley Division was authorized under Chapter 279, Section 1B, of the General Laws, which states:

Notwithstanding any other provision of law, the administrative justice of a department of the trial court may direct that both the clerk-magistrate's office and the probation office of one or more court divisions are to utilize a single funds collection and disbursement point within the courthouse.

With the exception of Dudley Division, Division personnel explained that bail assignments have always required the attention of bookkeepers, cashiers, and clerks in both the Clerk-Magistrate's and Probation Offices. Moreover, they concurred that the process was time consuming and include several redundant steps.

Finally, we were informed that the Trial Court was piloting a limited number of central cashier systems throughout the Commonwealth and plans to evaluate strengths and weaknesses of each pilot system with a goal of developing a standard system. Court personnel that we interviewed believed that a central cashier system would be beneficial since it would minimize redundant processing and eliminate errors that sometimes occur.

Recommendation: The Trial Court should continue moving forward with developing a standard bail assignment process and develop a central system that can be implemented at court locations throughout the Commonwealth. Such a system would improve efficiency within the Clerk-Magistrate's and Probation Offices, allowing Division personnel to address other important court matters.

#### 8. Divisions Have Not Maintained a Bail Receipt File or Documented Bail Release Authorizations

Our review identified that the majority of Divisions audited did not maintain a separate bail receipt file or document in the case papers the presiding justices' authorization to release bail, contrary to the AOTC's Fiscal Systems Manual. Specifically, Section 9.4 of the Fiscal Systems Manual requires Division bookkeepers to file both the original and the copy of the Recognizance (bail receipt) in the case

file and an alphabetical bail receipt file respectively. AOTC intended for the bail receipt file to serve as a cross reference to entries in the Bail Book. However, only four of the 18 Divisions audited--Concord, Dedham, Springfield, and Westborough complied.

In addition, when a Justice orders the return of bail to a defendant, the Fiscal Systems Manual requires the bookkeeper to verify the Judge's authorization in the case file. Specifically, Section 9.5 states, in part:

Use the case file to verify that the presiding justice authorized the release of bail either in part, (when bail is reduced), or in full, (when the defendant has voluntarily appeared in court on all scheduled dates, up to and including the date on which the associated case is terminated or resolved).

However, our audit of case files revealed that, in most instances, Division personnel did not adhere to this procedural requirement.

Administrative controls are those designed to ensure that documents are processed and transactions are executed according to management's wishes. Since the Divisions that we audited are not consistently complying with the policies and procedures established by AOTC, it is questionable whether these Division are operating as efficiently as AOTC intended.

Regarding the absence of bail receipt files, Division personnel stated that they were unaware that the Fiscal Systems Manual required such a file. Moreover, some bookkeepers questioned its need since they retain the original recognizance form in the case papers, receipt bail on the docket sheet, and enter the transaction in the cash journal and the bail book. As to documenting the Justices' release of bail, Division personnel said that once a case is complete, it was their understanding that bail could be returned to the defendant or surety unless a judge orders the bail funds to be used differently.

Recommendation: These Divisions should take steps to ensure that all policies and procedures established by AOTC are implemented in a timely manner. Moreover, if a Division believes a section of the Fiscal Systems Manual is redundant or unnecessary, then the Division should request relief from AOTC.

## APPENDIX I

Schedule of Bail Tests

<u>Division</u>	<u>Bail Receipts</u>		<u>Disbursements</u>		<u>Trial Balance</u>		<u>Assignments</u>		<u>Other</u>		<u>Total</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Concord	14	\$ 5,375	14	\$ 7,650	15	\$ 7,725	7	\$ 1,570	16	\$ 4,830	66	\$ 27,150
Dedham	14	241,500	14	31,000	33	166,610	7	5,060	-	-	68	444,170
Dudley	15	46,854	16	9,652	50	29,650	-	-	-	-	81	86,156
Fall River	32	60,310	14	21,900	50	21,910	10	4,875	1	20,225	107	129,220
Gardner	14	24,505	14	7,400	17	25,537	7	5,883	-	-	52	63,325
Gloucester	68	93,225	14	7,335	35	11,910	6	2,760	-	-	123	115,230
Greenfield	14	2,750	14	3,555	20	7,115	7	975	-	-	55	14,395
Haverhill	14	32,750	14	38,200	19	51,700	7	1,225	-	-	54	123,875
Lowell	14	84,100	14	22,500	29	48,060	7	3,735	-	-	64	158,395
Peabody	14	59,025	14	40,285	34	27,300	14	20,950	-	-	76	147,560
Plymouth	14	28,555	14	22,755	64	30,900	7	1,980	1	1,212	100	85,402
South Boston	14	15,650	14	9,025	76	31,970	7	1,325	28	9,345	139	67,315
Springfield	14	15,250	14	11,400	75	124,325	7	2,030	1	700	111	153,705
Stoughton	14	23,835	14	24,950	14	7,855	7	3,180	-	-	49	59,820
Taunton	14	104,035	14	62,517	70	38,401	6	1,025	363	104,446	467	310,424
Ware	14	8,770	14	6,215	13	10,850	5	570	-	-	46	26,405
Westborough	14	158,550	14	24,850	23	42,675	7	3,510	-	-	58	229,585
Worcester	14	15,735	14	16,585	53	136,700	7	1,792	9	6,250	97	177,062
Total	325	\$ 1,020,774	254	\$ 367,774	690	\$ 821,193	125	\$ 62,445	419	\$ 147,008	1,813	\$ 2,419,194

APPENDIX II  
Schedule of Audit Results

Division	Inadequate Processing of Unclaimed, Forfeited, and Abandoned Bail		Bail Funds Were Not Forfeited Following Defendant Defaults		Internal Control Improvements Needed Over the Financial Reporting of Bail Funds		AOTC Needs to Strengthen Policies and Procedures Over the Activities of Bail Magistrates		Inappropriate Processing of Out-of-Jurisdiction Bails		Inadequate Maintenance of Case Papers	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Concord	-	-	-	-	-	-	-	-	16	\$ 4,830	-	-
Dedham	5	\$ 1,600	-	-	-	-	2	\$ 6,500	-	-	-	-
Dudley	7	1,075	-	-	-	-	-	-	-	-	-	-
Fall River	43	9,760	3	\$ 600	1	\$ 20,225	13	23,110	-	-	6	\$ 6,950
Gardner	2	217	1	25	-	-	-	-	-	-	-	-
Gloucester	3	300	4	400	-	-	7	10,700	-	-	-	-
Greenfield	6	3,100	3	1,400	-	-	-	-	-	-	-	-
Haverhill	-	-	2	15,000	-	-	-	-	-	-	-	-
Lowell	-	-	-	-	-	-	-	-	-	-	-	-
Peabody	-	-	-	-	-	-	2	3,500	-	-	-	-
Plymouth	-	-	-	-	1	1,212	-	-	-	-	-	-
South Boston	25	8,025	6	1,325	1	150	2	1,500	-	-	1	1,500
Springfield	43	60,925	32	45,200	1	700	3	5,000	-	-	21	36,125
Stoughton	-	-	-	-	-	-	-	-	-	-	-	-
Taunton	18	2,110	15	1,400	-	-	-	-	362	103,946	4	500
Ware	-	-	-	-	-	-	-	-	-	-	-	-
Westborough	5	1,025	4	1,100	-	-	-	-	-	-	-	-
Worcester	30	115,100	7	9,400	-	-	-	-	-	-	-	-
Total	187	\$ 203,237	77	\$ 75,850	4	\$ 22,287	29	\$ 50,310	378	\$ 108,776	32	\$ 45,075

## APPENDIX II (Continued)

Schedule of Audit Results

<u>Division</u>	<u>Outstanding Checks Not Processed</u>		<u>Inadequate Controls Over Safeguarding Bails Collected During Court Hours</u>		<u>Lack of Documentation to Support Bail Disbursements</u>		<u>Bail Funds Improperly Retained</u>		<u>Improper Validation of Bail Receipts</u>		<u>Total</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Concord	-	-	-	-	-	-	-	-	-	-	16	\$ 4,830
Dedham	-	-	-	-	-	-	-	-	-	-	7	8,100
Dudley	-	-	-	-	-	-	-	-	-	-	7	1,075
Fall River	-	-	-	-	-	-	-	-	-	-	66	60,645
Gardner	-	-	-	-	-	-	1	\$ 15,000	-	-	4	15,242
Gloucester	-	-	-	-	-	-	-	-	-	-	14	11,400
Greenfield	-	-	-	-	-	-	-	-	-	-	9	4,500
Haverhill	-	-	-	-	-	-	-	-	-	-	2	15,000
Lowell	-	-	-	-	-	-	-	-	-	-	-	-
Peabody	-	-	-	-	-	-	-	-	-	-	2	3,500
Plymouth	-	-	-	-	-	-	-	-	-	-	1	1,212
South Boston	27	\$ 9,195	-	-	-	-	-	-	-	-	62	21,695
Springfield	-	-	-	-	-	-	-	-	-	-	100	147,950
Stoughton	-	-	-	-	-	-	-	-	-	-	-	-
Taunton	-	-	1	\$ 500	-	-	-	-	9	\$ 61,500	409	169,956
Ware	-	-	-	-	-	-	-	-	1	500	1	500
Westborough	-	-	-	-	-	-	-	-	-	-	9	2,125
Worcester	-	-	-	-	9	6,250	-	-	-	-	46	130,750
Total	27	\$ 9,195	1	\$ 500	9	\$ 6,250	1	\$ 15,000	10	\$ 62,000	755	\$ 598,480

## APPENDIX III

Schedule of Bail Funds on Hand  
As of August 31, 2000

	<u>Division</u>	<u>Bail Amount</u>
1	Attleboro	\$414,601.88
2	Ayer	30,193.00
3	Barnstable	117,091.46
4	Brighton	54,190.00
5	Brockton	428,801.20
6	Brookline	72,327.00
7	Cambridge	325,726.00
8	Charlestown	73,615.00
9	Chelsea	453,395.00
10	Chicopee	76,115.00
11	Clinton	73,880.00
12	Concord	54,583.00
13	Dedham	421,490.45
14	Dorchester	574,958.00
15	Dudley	305,668.91
16	East Boston	189,139.50
17	East Brookfield	171,770.00
18	Edgartown	99,976.00
19	Fall River	683,391.50
20	Falmouth	129,870.63
21	Fitchburg	138,980.40
22	Framingham	208,122.00
23	Gardner	73,997.00
24	Gloucester	53,809.00
25	Greenfield	31,765.00
26	Hampshire	48,932.48
27	Haverhill	178,615.00
28	Hingham	156,769.48
29	Holyoke	365,367.50
30	Ipswich	*
31	Lawrence	745,956.54
32	Leominster	64,205.00
33	Lowell	301,089.00
34	Lynn	572,630.00
35	Malden	398,613.50
36	Marlborough	131,611.00
37	Milford	43,558.23
38	Nantucket	10,915.00
39	Natick	76,390.00
40	New Bedford	465,544.00

## APPENDIX III

Schedule of Bail Funds on Hand  
As of August 31, 2000

	<u>Division</u>	<u>Bail Amount</u>
41	Newburyport	290,933.00
42	Newton	35,147.00
43	Northern Berkshire	21,945.00
44	Orange	13,442.00
45	Orleans	74,300.50
46	Palmer	64,059.00
47	Peabody	111,005.00
48	Pittsfield	67,420.00
49	Plymouth	170,795.88
50	Quincy	470,232.84
51	Roxbury	623,194.00
52	Salem	248,306.40
53	Somerville	440,291.00
54	South Boston	231,684.00
55	Southern Berkshire	13,820.00
56	Springfield	722,796.75
57	Stoughton	100,860.00
58	Taunton	334,351.50
59	Uxbridge	78,051.06
60	Waltham	70,819.00
61	Ware	8,350.00
62	Wareham	111,434.99
63	West Roxbury	310,280.00
64	Westborough	134,170.00
65	Westfield	61,467.98
66	Winchendon	24,800.00
67	Woburn	209,250.00
68	Worcester	1,559,657.50
69	Wrentham	176,143.00
		<u>\$15,596,661.06</u>

\*Information not provided



## APPENDIX IV

Chapter 647, Acts of 1989An Act Relative to Improving the Internal Controls within State Agencies

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Chapter 647

## THE COMMONWEALTH OF MASSACHUSETTS

*In the Year One Thousand Nine Hundred and Eighty-nine*

## AN ACT RELATIVE TO IMPROVING THE INTERNAL CONTROLS WITHIN STATE AGENCIES.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

Notwithstanding any general or special law to the contrary, the following internal control standards shall define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments and shall constitute the criteria against which such internal control systems will be evaluated. Internal control systems for the various state agencies and departments of the commonwealth shall be developed in accordance with internal control guidelines established by the office of the comptroller.

(A) Internal control systems of the agency are to be clearly documented and readily available for examination. Objectives for each of these standards are to be identified or developed for each agency activity and are to be logical, applicable and complete. Documentation of the agency's internal control systems should include (1) internal control procedures, (2) internal control accountability systems and (3), identification of the operating cycles. Documentation of the agency's internal control systems should appear in management directives, administrative policy, and accounting policies, procedures and manuals.

(B) All transactions and other significant events are to be promptly recorded, clearly documented and properly classified. Documentation of a transaction or event should include the entire process or life cycle of the transaction or event, including (1) the initiation or authorization of the transaction or event, (2) all aspects of the transaction while in process and (3), the final classification in summary records.

(C) Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Authorizations should be clearly communicated to managers and employees and should

## APPENDIX IV

Chapter 647, Acts of 1989An Act Relative to Improving the Internal Controls within State Agencies

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Include the specific conditions and terms under which authorizations are to be made.

(D) Key duties and responsibilities including (1) authorizing, approving, and recording transactions, (2) issuing and receiving assets, (3) making payments and (4), reviewing or auditing transactions, should be assigned systematically to a number of individuals to ensure that effective checks and balances exist.

(E) Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. The duties of the supervisor in carrying out this responsibility shall include (1) clearly communicating the duties, responsibilities and accountabilities assigned to each staff member, (2) systematically reviewing each member's work to the extent necessary and (3), approving work at critical points to ensure that work flows as intended.

(F) Access to resources and records is to be limited to authorized individuals as determined by the agency head. Restrictions on access to resources will depend upon the vulnerability of the resource and the perceived risk of loss, both of which shall be periodically assessed. The agency head shall be responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. Periodic comparison shall be made between the resources and the recorded accountability of the resources to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts. The vulnerability and value of the agency resources shall determine the frequency of this comparison.

Within each agency there shall be an official, equivalent in title or rank to an assistant or deputy to the department head, whose responsibility, in addition to his regularly assigned duties, shall be to ensure that the agency has written documentation of its internal accounting and administrative control system on file. Said official shall, annually, or more often as conditions warrant, evaluate the effectiveness of the agency's internal control system and establish and implement changes necessary to ensure the continued integrity of the system. Said official shall in the performance of his duties ensure that: (1) the documentation of all internal control systems is readily available for examination by the comptroller, the secretary of administration and finance and the state auditor, (2) the results of audits and recommendations to improve departmental internal controls are promptly evaluated by the agency management, (3) timely and appropriate corrective actions are effected

## APPENDIX IV

Chapter 647, Acts of 1989An Act Relative to Improving the Internal Controls within State Agencies

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by the agency management in response to an audit and (4), all actions determined by the agency management as necessary to correct or otherwise resolve matters will be addressed by the agency in their budgetary request to the general court.

All unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the state auditor's office, who shall review the matter to determine the amount involved which shall be reported to appropriate management and law enforcement officials. Said auditor shall also determine the internal control weaknesses that contributed to or caused the condition. Said auditor shall then make recommendations to the agency official overseeing the internal control system and other appropriate management officials. The recommendations of said auditor shall address the correction of the conditions found and the necessary internal control policies and procedures that must be modified. The agency oversight official and the appropriate management officials shall immediately implement policies and procedures necessary to prevent a recurrence of the problems identified.

House of Representatives, December 21, 1989.

Passed to be enacted,

*George Furrman*, Speaker.

In Senate, December 22, 1989.

Passed to be enacted,

*William W. Budge*, President.

January 3, 1990.

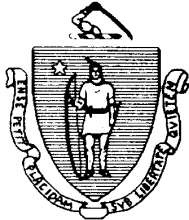
Approved,

*Richard H. Kohn*, Governor.

APPENDIX V

Chapter 647 Awareness Letter

From the State Auditor and the State Comptroller



## The Commonwealth of Massachusetts

Office of the State Auditor  
State House  
Boston, MA 02133

Office of the Comptroller  
One Ashburton Place  
Boston, MA 02108

September 19, 2000

Legislative Leadership  
Judicial Branch Administrators  
Elected Officials  
Secretariats  
Department Heads

The State Auditor and the Comptroller are both committed to departmental improvements in the Internal Control structure of the Commonwealth. A good system of controls, as you know, assists management in meeting objectives while avoiding serious problems. Chapter 647 of the Acts of 1989, *An Act Relative To Improving Internal Controls Within State Agencies*, establishes acceptable Internal Control systems for state government operations and constitutes the criteria against which we will evaluate internal controls. With the passage of this law, we began a campaign to educate all department staff on the significant role of internal controls in department operations.

In the past few years, departments have made significant progress in the area of internal controls. Every department has certified that they have documented internal controls in the form of an Internal Control Plan. In Fiscal Year 2001, we are focusing our Internal Control Campaign on the review of department risk assessments, as documented within the departments' internal control plans. Internal control plans must, of course, include all aspects of a department's business, programmatic operations as well as financial.

A major requirement of Chapter 647 is that "an official, equivalent in title or rank to an assistant or deputy to the department head, shall be responsible for the evaluation of the effectiveness of the department's internal controls and establish and implement changes necessary to ensure the continued integrity of the system". This official, whom we refer to as the Internal Control Officer, is responsible for ensuring that the plan is evaluated annually or more often as conditions warrant.

During this annual Statewide Single Audit, we continue with our review of the Commonwealth's internal controls. We analyze and evaluate information obtained during the audit process in our continuing effort to educate agencies regarding both the need for internal controls and the risks of not having adequate internal controls in place.

## APPENDIX V

Chapter 647 Awareness LetterFrom the State Auditor and the State Comptroller

To assist departments with this effort, we provide the following support activities:

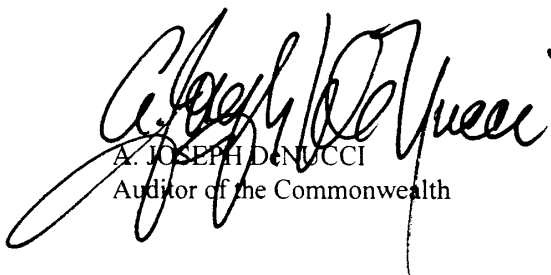
- ◆ The Office of the Comptroller offers departments free monthly training on internal controls. These classes are listed in the *OSC Training Bulletin*.
- ◆ The Office of the Comptroller provided a new document entitled the *Internal Control Guide for Managers* on the Office of the Comptroller's Web page: <http://www.osc.state.ma.us/>. Part II of the guide will be available shortly and will replace the current *Internal Control Guide for Departments*, currently available on the Web.
- ◆ Upon request, the Office of the Comptroller provides assistance to departments in the process of redefining or reviewing their internal control plans.
- ◆ As part of the Statewide Single Audit, auditors will review and comment upon departments' internal control plans, risk assessments, and the reporting level of the Internal Control Officers.
- ◆ We have updated and automated the Internal Control Questionnaire (ICQ) for easier submission. These changes to the ICQ will enable OSA and OSC to evaluate department internal controls and monitor their progress.

Chapter 647 also requires that "all unaccounted for variances, losses, shortages, or thefts of funds or property be immediately reported to the Office of the State Auditor" (OSA). The OSA is required to determine the amount involved and the internal control weaknesses that contributed to or caused the condition, make recommendations for corrective action, and make referrals to appropriate law enforcement officials. In order to comply with this law instances must be reported on the *Report on Unaccounted for Variances, Losses, Shortages, or Thefts of Funds or Property* and be submitted to the OSA. Reporting forms can be obtained by contacting the Auditor's office, Room 1819, McCormack State Office Building, or Web Site:

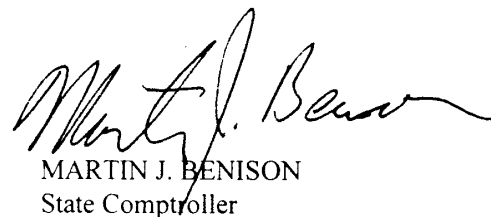
<http://www.magnet.state.ma.us/sao/>.

In conjunction with the above requirement, please note that management is responsible for financial records and systems and must inform, disclose and make representations to the auditors with regards to their management of funds, account activities, programs and systems.

The Offices of the State Comptroller and the State Auditor are committed to the goal of improving the Internal Control structure of the Commonwealth. Thank you for your cooperation and attention on this worthwhile task. Please do not hesitate to call upon the staff of either office for assistance.



A. JOSEPH DENUCCI  
Auditor of the Commonwealth



MARTIN J. BENISON  
State Comptroller